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In Defence of Welfare II

Welfare and well-being - inextricably linked

Elke Heins and Chris Deeming

Well-being and the measurement of social progress

Although never being intended to measure anything else than economic performance, measures of economic growth such as Gross Domestic Product (GDP) have become proxy indicators for social progress and national well-being grounded on the assumption that a growing economy will inevitably lead to societal advancement. However, there have long been doubts about the suitability of measuring a complex concept such as well-being with one economic indicator and subordinating ‘the social’ under ‘the economic’. The many problems with this include, for example, that economic growth is partly based on the depletion of natural resources and contributes to environmental pollution thus undermining the sustainability of social and economic progress or that, as a measure of aggregate wealth, GDP does not tell us anything about the distribution of this wealth within society, or indeed the social inequalities and lived experiences of most people. These are very relevant criticisms since unequal distributions of material resources are found to be connected to important social outcomes such as poor health or high crime rates, while hurting the economy and growth rates in turn.¹

Concerns about the suitability of GDP and similar measures of economic growth as indicators of positive societal development have become mainstream more recently, not least in the context of the 2008 crisis. Internationally, these concerns found their culmination in high profile reports such as the Report by the Commission on the Measurement of Economic Performance and Social Progress.² Subsequently, many countries are now taking a more holistic approach to understanding well-being and measuring social progress – including the

UK where the ONS has launched its Measuring National Well-being project in addition to well-being initiatives in Scotland and more recently Northern Ireland.³

Internationally, there is growing momentum to go ‘beyond GDP’. Today, well-being is commonly defined and measured as a multidimensional concept of which economic or material well-being is just one dimension, usually supplemented by dimensions and indicators that capture sustainability aspects as well as quality of life. The new measurement tools furthermore comprise both objective (e.g. average life expectancy) and subjective dimensions (e.g. self-rated health). For example, the European Commission launched an initiative to this effect and now measures ‘Quality of Life’ according to nine dimensions.⁴ The OECD has similarly developed a new index to measure well-being holistically.⁵ These new attempts to measure how countries (or other geographical units) are performing on key well-being indicators is relevant because what gets measured influences what policy makers do. If we too single-mindedly only focus on one indicator when comparing nations and assessing governments, we may overlook other important aspects of life and give the wrong advice to those in charge.

Welfare and social well-being are inextricably linked

Developments in this field matter from a welfare and social policy perspective because key well-being outcomes and welfare policies are closely linked. The media in the UK often portrays social security benefits and welfare state interventions more generally in a bad light (for example, when talking about a ‘dependency culture’). However, evidence emerging from cross-national research shows that more encompassing welfare states, aiming for more social and gender equality, almost always perform better across a range of well-being measures; including objective measures such as physical and mental health, educational attainment,

social mobility and social connectivity, crime and imprisonment rates (Wilkinson and Pickett, 2010), but also the self-reported measures of health, happiness and life-satisfaction (Deeming and Hayes, 2012). In summary, a well-funded and functioning welfare state, based on solidaristic principles, can play a critical role in securing societal well-being as a whole, from which everyone benefits.

Of the many functions of the ‘welfare state’, two are particularly prominent: the ‘Robin Hood’ function which operates to redistribute resources within society (i.e., between members) in order to promote social well-being (Hills, 2014); and the ‘piggy bank’ function, which is concerned with the redistribution of resources in order to promote individual well-being over the lifecycle (i.e., ‘from cradle to grave’). These functions of the welfare state are the principal mechanisms by which the advanced economies help their citizens collectively to guard against adverse social risks, such as unemployment and poverty, but also social investment in the early years, in education and training for work (i.e., active labour market policy) that not only helps to secure greater levels of equality in society but also fosters human capital for future generations (Deeming and Smyth, 2014; Kvist, 2014). The welfare state not only impacts directly on citizen’s well-being through the provision of personal services and family benefits, but also more indirectly through improving the health, wealth and social well-being of a whole nation. The welfare state through its comprehensive health, education, pensions, and care services plays a key role in securing economic growth. It provides the infrastructure to support and develop ‘human capital’ in the form of a healthy workforce equipped with the necessary skills demanded in the modern knowledge economy, and all of society benefits by enabling people of working age to fully participate in the labour market through the provision of care services for children and older people.

Addressing the social determinants of subjective well-being

Successive studies point to the important role that social policy plays in promoting positive well-being, but analysis of the large-scale survey data also reveals that well-being is unevenly distributed within the British population. Inequality continues to be a problem in society and this presents a clear challenge to policymakers who need to do more to ensure more people can lead happy and fulfilling lives. We now know that well-being is socially determined in important ways (Deeming, 2013). Education helps to promote well-being, and is well-recognised as a cultivating force within society. Work is increasingly seen as the best form of welfare in the twenty-first century, and minimum income policies and wages help to promote economic security and well-being (Davis et al., 2014). A decent job and access to affordable housing matter for the achievement of many important well-being outcomes. Women are more anxious and stressed than men. Women spend longer hours in unpaid domestic work, and often combine employment and care roles. Ensuring single parent families are able to both support themselves and to care for their dependants without material disadvantage continues to be a major challenge. Structural components of ethnic disadvantage persist, despite various employment initiatives and legislation. The well-being of unemployed people from ‘black and minority ethnic’ (BME) groups is a concern in the UK. The interplay of factors at stake here is likely to be complex, but will include known factors such as overt and ‘hidden’ discrimination, expectations, stereotypes, alienation, family and economic structures. People living in poor health – which often means coping with a longstanding illness – are amongst the most vulnerable members of British society, reporting the lowest levels of well-being. People in poor health need access to good health and social care. There may be some limits on the reliability of responses to standard well-being questions at the

individual level, with responses varying according to mood or the context of the survey. Nevertheless, we may expect such idiosyncrasies to average out in research with representative population samples. Further links between well-being and policy interventions will become clear as this field develops.

Happiness as a policy and objective of good government

Arguments about the size and role of the state have long been a source of political tension, at least in party political terms. Liberal market societies like the UK grapple to find the acceptable balance between ‘excessive’ and ‘insufficient’ government involvement in people’s everyday lives. On the one hand, the classic argument usually advanced by those on the right of the political spectrum, who have long argued for small government, is – in simplified terms - that too much state intervention may impose on individual freedoms, undermine people’s resilience and self-reliance – all of which might have a negative effect on population well-being. People may dislike having to pay higher taxes for more expansive social provision, and higher tax ‘burdens’ may mean there is less individual freedom to choose. On the other hand, people may feel dissatisfied if everyday life risks like unemployment and sickness become understood as issues of personal failure and responsibility rather than social problems to be addressed through collective action. Although we are currently living through an era in which many welfare services are being cut, international research findings clearly show that welfare policies and well-being outcomes are inextricably linked. Research continues to offer a broad justification for the principles of social welfare in a more substantive form, at least as a means for promoting well-being and happiness in the population. Government clearly does have a responsibility to help create the

underlying conditions in which all citizens can strive to enhance the quality of their lives and the fabric of society around them.

Notes

¹Inequality hurts economic growth, finds OECD research <http://www.oecd.org/newsroom/inequality-hurts-economic-growth.htm>

²Report by the Commission on the Measurement of Economic Performance and Social Progress: www.stiglitz-sen-fitoussi.fr.

³<http://www.ons.gov.uk/ons/guide-method/user-guidance/well-being/index.html>

³<http://www.scotland.gov.uk/About/Performance/scotPerforms>

⁴http://ec.europa.eu/environment/beyond_gdp/index_en.html

⁵<http://www.oecdbetterlifeindex.org/>

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